

AR20

ROOMS

ELECTRICAL

Room

WHEEL WRENCHES
PUMPS

12'-14'-16'10"
3' FRONT & BACK W
12-ONLY 3"x12" DIVI

CANADIAN TIRE CORPORATION LIMITED

AUTOMOTIVE ACCESSORIES

FACIA LINE

14'-16'-18' 3SHELVES
FRONT & BACK WIRE FENCE
ONLY 3"x12" WIRE DIVIDERS

TIRE

6' SH
CHEM
POLISHES
SHELVES
TS ON BASE SH
16" DIVIDERS

2'-14'-16

GRE

TARPS

18" DASH
27ca. 3'x8"
WIRE FENCE 54 ONLY 3"x12

WIRE BINNING ON 2-
DIVIDERS

ELECTRICAL

12'-16'-16" SHELVES

FIXTURE

CANADIAN TIRE

ONLY 16 DIVIDERS

12'-12'-W

FLO

TERRY CLOTH

FLO

UTO ROBES

12'-16'-16" BASKETS
30-ONLY DIVIDERS

12'-12'-
20-ON

10'14" DIVIDERS
16" DIVIDERS

12'-16'-16" SHELVES
16" BASKET ON BASE

SHELVES GLASS BINNING ON 12'-16'-16" SHELV

Y & CLOTHES/D
HEATERS - VACUUMS

PERSONAL & BUILDING HARDWARE

PAINT SUNDRIES

PULL

16" SHELVES

1968

12'-12'-16'-16" 3SHELVES
5" FRONT & BACK FENCING ON 12'x16"
3" FRONT & BACK FENCING ON 12'x12"
54 ONLY 3"x12" DIVIDERS
7 ONLY 5'x14" DIVIDERS

12'-16"

42nd ANNUAL REPORT

14'-16'-18" ME
12'-12'-12" GLASS

12'-16" SHELVES 18" BASKET
5' FRONT & BACK BINNING-18"

APPLIANCES

PAINT

PLUMBING

CANADIAN TIRE CORPORATION LIMITED

Incorporated under the Laws of the Province of Ontario



Largest store (Ste. Foy, Quebec City) will open in 1969 (see page 11).



Also "off the drawingboard" is 21,400 sq. ft. Mississauga (Toronto) location.

ON COVER: Ville La Salle store, 8778 Newman Boulevard.

CONTENTS

	PAGE
Highlights	1
Letter to Shareholders	2 & 3
Balance Sheet	4 & 5
Statement of Income and Retained Earnings	6
Statement of Source and Application of Funds	7
Auditors' Report to the Shareholders	7
10-Year Comparative Summary	8 & 9
Notes to Financial Statements	10
Editorial on Expansion, East and West	11 & 12
Financial Statements of Wholly-Owned Subsidiary	
— Canadian Tire Acceptance Limited:	
Balance Sheet	13
Statement of Income and Retained Earnings	14
Statement of Source and Application of Funds	14
Notes to Financial Statements	15
Auditors' Report to the Shareholders	15
Directors and Officers	16
List of 234 Canadian Tire Associate Stores	17

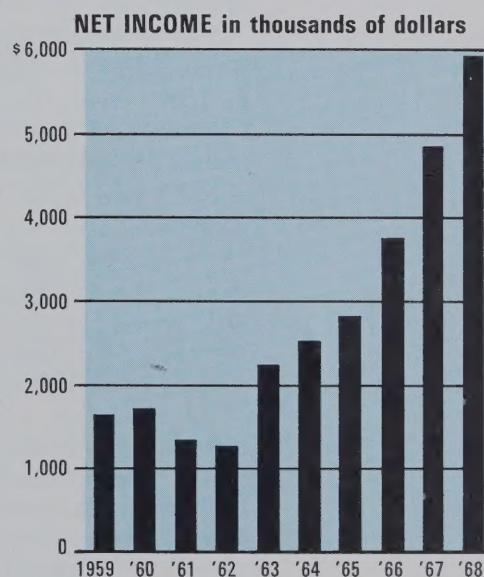
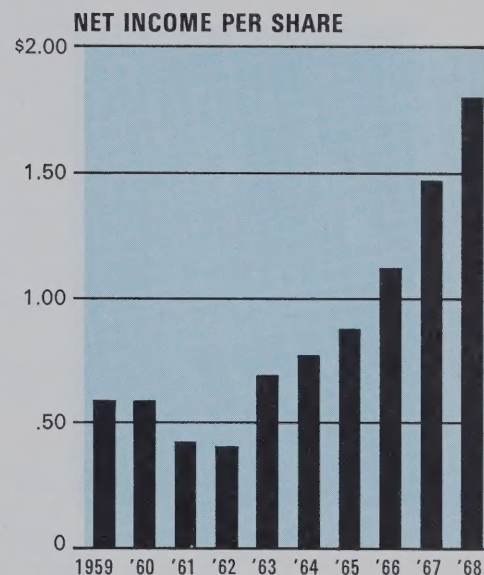


Annual Report for the year ended December 31, 1968

HIGHLIGHTS

	1968	1967
Gross Operating Revenue	\$142,825,815	\$114,757,222
Net Income Before Taxes	\$ 12,630,326	\$ 9,952,745
Income Taxes	\$ 6,648,382	\$ 5,077,201
Net Income After Taxes	\$ 5,981,944	\$ 4,875,544
Capital Expenditures	\$ 6,922,444	\$ 4,654,903
Depreciation	\$ 1,346,139	\$ 1,047,664
Working Capital	\$ 11,617,242	\$ 6,877,703
Dividends Paid	\$ 898,762	\$ 761,450
Dividends per Share	27¢	23¢
Shareholders' Equity	\$ 45,586,095	\$ 34,133,509
Number of Shares Outstanding	3,431,815	3,318,009
Equity per Share*	\$ 13.69	\$ 10.30
Net Income per Share*	\$ 1.80	\$ 1.47
Cash Flow per Share*	\$ 2.20	\$ 1.79
Number of Stores at Year End	234	226

*Combined Class "A" and Common—based on average number of shares outstanding during the year.

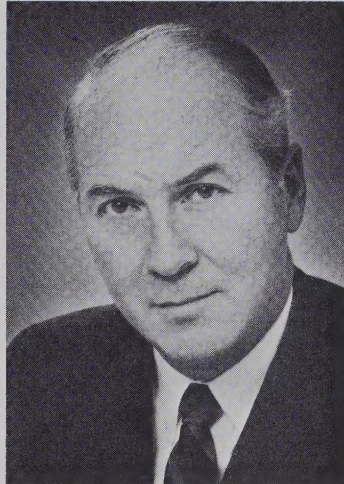


98.9% of our 4,139 shareholders reside in Canada and own 99.7% of the total shares.

REPORT TO THE SHAREHOLDERS



J. D. MUNCASTER
President



A. E. BARRON
Chairman of the Board

IN 1968, gross operating revenues increased by almost 25% to a new high of \$142,825,000, reflecting continuing strength in all areas of the Company's operations.

With both gross margin and operating cost ratios somewhat improved, net profit before income taxes increased by 27% from \$9,952,000 in 1967 to \$12,630,000 in 1968. With these greater profits and the effect of the income tax surcharge, income taxes were 31% higher. Therefore, net profit after taxes increased approximately 22% from \$4,875,000 to \$5,981,000.

Based upon the average number of shares outstanding in each year, net profit after taxes was \$1.80 per share in 1968 (\$1.47 in 1967).

During 1968, capital expenditures were almost \$7 million — an increase of approximately 50% over the previous year and a new high for the Company. Eight new stores were opened during the year, with three others being substantially completed for opening early in 1969. In addition 18 stores were relocated and 63 Associate Dealers completed extensive renovations, including interior refixturing.

For 1969, capital expenditures are expected to amount to \$9.5 million, including the cost of building and equipping an addition of some 230,000 square feet to the distribution centre in Metropolitan Toronto. Some 15 stores will be built during the year, being either new outlets or relocations of existing stores into larger and more modern premises. In recent years, our Associate Store owners have played an all-important role in the success of Canadian Tire as a whole through the investment of their retained savings in expanded inventories, new fixturing and equipment, and more highly trained personnel. It is expected that this program of improvement and expansion will continue in 1969. ✓

With tightening money conditions forecast late in 1968, the Company decided that the maintenance of adequate working capital levels along with the expanded 1969 capital expenditures program would require funds beyond the operating cash flow of the business. In December, 100,000 Class "A" treasury

shares were sold for this purpose. Accordingly, at year end both working capital and the combination of cash, bank deposit receipts and short-term notes were at unusually high levels.

During 1968, the Company acquired the minority interest previously outstanding in Canadian Tire Acceptance Limited. As a wholly owned, non-consolidated subsidiary company, its balance sheet and operating results are now included in this Annual Report. The operating results of Canadian Tire Acceptance Limited were adversely affected by expenses arising from an extremely rapid growth rate in 1968, with income before the extraordinary item being slightly lower than the previous year. For 1969, it is expected that more moderate growth will result in more profitable operation, but the profits of this company are likely to remain relatively modest, with its primary purpose being that of stimulating the sale of Canadian Tire merchandise to the credit buyer.

For 1968, in keeping with its philosophy of sharing its operating successes with its employee-shareholders, the Company's contributions to the Employee Profit Sharing Plans increased by 30% to more than \$³/₄ million. The continual striving by our employees to enhance the value of their ownership in these Plans is a most significant factor in the Company's growth and profitability.

The quarterly dividend payable on June 1, 1969, has been declared in the amount of 9 cents per Class "A" and Common share, an increase of some 28.5% from the previous quarterly rate of 7 cents per share.

DURING 1968, the management structure of the Company was altered to provide for vice presidents in charge of each of the major line functions of the business. In addition to his overall responsibilities as Vice President and Director, Mr. R. J. Hobbs has been assigned accountability for all aspects of our dealer program, including site acquisition, store design and construction. Mr. W. R. Dawson was appointed Vice President, Marketing with responsibility for products, pricing, advertising and promotion. Mr. J. W. Kron is now Vice President, Distribution in charge of all warehousing, traffic and transportation. These persons along with Mr. F. Y. Sasaki, Treasurer, Mr. R. A. Wood, Director of Management Information Services, and Mr. S. J. Bochen, Director of Personnel, constitute the operating management of the primary corporate activities.

The results achieved in 1968 were a reflection of the efforts of these people and the hundreds of others working along with them. We express our thanks to them and to our Associate Dealers and their thousands of employees for representing Canadian Tire so well to the Canadian public.

1969 is expected to be another record-breaking year. To meet the anticipated capacity requirements, a second computer is being installed, our distribution centre is being expanded and with the encouragement and assistance of its staff is now being operated on a two-shift basis. With this increased distribution capacity, with expanded inventories and with new and continually improving Associate Stores, our growth objectives should be met successfully in 1969.

Dated March 24, 1969



A. S. Barry

Chairman of the Board

D. Newcastle

President



CANADIAN TIRE CORPORATION LIMITED

(Incorporated under The Corporations Act, Ontario)

ASSETS

	1968	1967
CURRENT ASSETS:		
Cash and bank deposit receipts	\$11,282,382	\$ 2,957,956
Marketable securities—short term notes at cost which approximates market value	3,092,586	4,167,704
Accounts and loans receivable	4,773,476	4,823,284
Due from subsidiary:		
Current account	69,444	50,468
Demand notes	—	1,550,000
Merchandise inventories (Note 1)	14,572,715	11,480,637
Income debentures of Canadian Tire dealers—portion due within one year	481,732	379,837
Total current assets	<u>34,272,335</u>	<u>25,409,886</u>
INVESTMENTS—at cost:		
Subsidiary company not consolidated (Note 2)	1,301,031	360,000
Income debentures of Canadian Tire dealers less portion due within one year	2,779,291	2,520,621
Total investments	<u>4,080,322</u>	<u>2,880,621</u>
PROPERTY AND EQUIPMENT—at cost (Note 3):		
Land	8,942,391	7,365,002
Buildings	25,470,918	20,822,783
Fixtures and equipment	4,126,262	3,692,094
Automotive equipment	531,009	364,541
Leasehold improvements	195,081	118,379
	<u>39,265,661</u>	<u>32,362,799</u>
Less accumulated depreciation and amortization	9,700,326	8,373,769
Net property and equipment	<u>29,565,335</u>	<u>23,989,030</u>
OTHER ASSETS:		
Special refundable tax	21,878	194,107
Mortgages receivable	63,737	68,925
Deferred income tax charge	324,676	346,114
Total other assets	410,291	609,146
TOTAL	<u>\$68,328,283</u>	<u>\$52,888,683</u>

The accompanying notes, on page 10, are an integral part of these financial statements.

BALANCE SHEET

as at December 31, 1968
(with 1967 figures for comparison)

LIABILITIES AND SHAREHOLDERS' EQUITY

	1968	1967
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$18,241,007	\$14,500,554
Income taxes payable	2,478,254	2,380,126
Notes payable	46,480	50,523
Loans payable to directors and shareholders	1,725,456	1,438,405
Long-term debt due within one year	163,896	162,575
Total current liabilities	<u>22,655,093</u>	<u>18,532,183</u>
 LONG-TERM DEBT (Note 4)	250,991	385,566
Less amounts due within one year	<u>163,896</u>	<u>162,575</u>
Total long-term debt	<u>87,095</u>	<u>222,991</u>
 SHAREHOLDERS' EQUITY:		
Capital stock (Note 5):		
Authorized:		
5,000,000 Class "A" non-voting shares without par value		
1,150,100 common shares without par value		
Issued and fully paid:		
2,281,815 Class "A" shares (1967—2,168,009 shares)	11,363,517	4,994,113
1,150,000 common shares	<u>892,188</u>	<u>892,188</u>
	12,255,705	5,886,301
Retained earnings	<u>33,330,390</u>	<u>28,247,208</u>
Total shareholders' equity	<u>45,586,095</u>	<u>34,133,509</u>
TOTAL	<u>\$68,328,283</u>	<u>\$52,888,683</u>

Approved by the Board: A. E. Barron, Director; J. D. Muncaster, Director



STATEMENT OF INCOME AND RETAINED EARNINGS

For the Year ended December 31, 1968 (with 1967 figures for comparison)

	1968	1967
GROSS OPERATING REVENUE	\$142,825,815	\$114,757,222
DEDUCT OPERATING EXPENSES:		
Cost of merchandise sold and all expenses except for the undernoted items	128,662,378	103,555,455
Depreciation and amortization	1,346,139	1,047,664
Employee deferred profit sharing and option plans	773,166	596,459
Interest on long-term debt	20,626	29,755
Total operating expenses	130,802,309	105,229,333
	12,023,506	9,527,889
INTEREST INCOME:		
Demand notes—subsidiary company	145,499	74,109
Income debentures	157,756	116,727
Marketable securities	188,610	153,233
Other	114,955	80,787
Total interest income	606,820	424,856
INCOME BEFORE INCOME TAXES	12,630,326	9,952,745
PROVISION FOR INCOME TAXES	6,648,382	5,077,201
NET INCOME FOR THE YEAR	5,981,944	4,875,544
RETAINED EARNINGS AT BEGINNING OF THE YEAR	28,247,208	23,380,035
	34,229,152	28,255,579
ADD:		
Tax-paid inventory reserve	—	750,000
Profit on sale of securities	—	3,079
	34,229,152	29,008,658
DIVIDENDS PAID:		
Class "A" shares	588,262	496,950
Common shares	310,500	264,500
	898,762	761,450
RETAINED EARNINGS AT END OF THE YEAR	\$ 33,330,390	\$ 28,247,208

The accompanying notes, on page 10, are an integral part of these financial statements.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the Year ended December 31, 1968 (with 1967 figures for comparison)

	1968	1967
FUNDS PROVIDED:		
Net income for the year	\$ 5,981,944	\$4,875,544
Depreciation and amortization	1,346,139	1,047,664
Decrease (increase) in deferred income tax charge	21,438	(20,215)
Total funds provided from operations	7,349,521	5,902,993
Issue of Class "A" shares (Note 5)	6,369,404	545,161
Return of tax-paid inventory reserve to retained earnings	—	750,000
Reduction in mortgages receivable	5,188	4,839
Decrease (increase) in special refundable tax	172,229	(74,107)
Expropriation of land	—	57,800
Profit on sale of securities	—	3,079
Total funds provided	13,896,342	7,189,765
FUNDS APPLIED:		
Additions to property and equipment:		
Land	\$ 1,577,389	\$1,074,023
Buildings	4,648,135	2,971,729
Fixtures and equipment	434,168	332,540
Automotive equipment	186,050	258,965
Leasehold improvements	76,702	17,646
	6,922,444	4,654,903
Investment in subsidiary company (Note 2)	941,031	—
Increase in long-term portion of income debentures	258,670	629,104
Reduction of long-term debt	135,896	162,575
Dividends paid:		
Class "A" shares	588,262	496,950
Common shares	310,500	264,500
Total funds applied	9,156,803	6,208,032
INCREASE IN WORKING CAPITAL FOR THE YEAR	4,739,539	981,733
WORKING CAPITAL AT BEGINNING OF THE YEAR	6,877,703	5,895,970
WORKING CAPITAL AT END OF THE YEAR	\$11,617,242	\$6,877,703

The accompanying notes, on page 10, are an integral part of these financial statements.

AUDITORS' REPORT to the Shareholders of Canadian Tire Corporation Limited:

We have examined the balance sheet of Canadian Tire Corporation Limited as at December 31, 1968 and the statements of income and retained earnings, and of source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1968 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario
March 11, 1969

Deloitte, Plender, Haskins & Sells,
Chartered Accountants

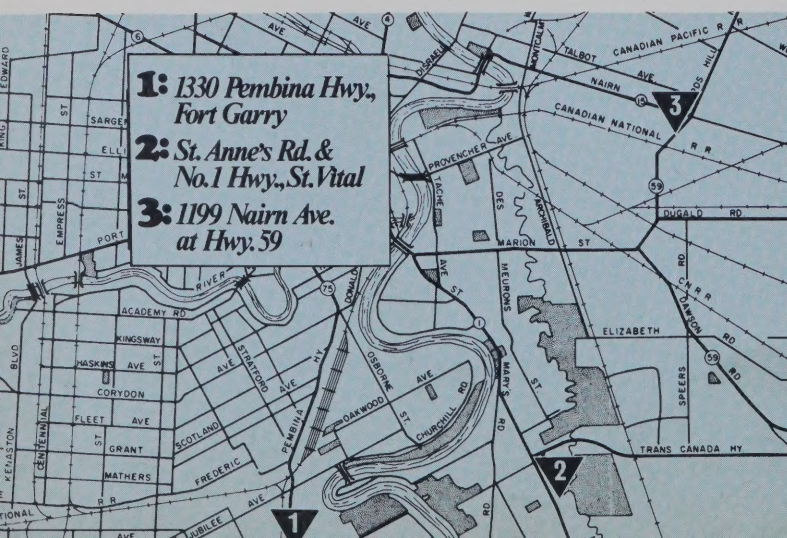


CANADIAN TIRE CORPORATION LIMITED

	Number of Stores	Working Capital	Capital Expenditure	Depreciation	Fixed Assets at Net Book Value	Retained Earnings	Shareholders' Equity
1968	234	\$11,617,242	\$6,922,444	\$1,346,139	\$29,565,335	\$33,330,390	\$45,586,095
1967	226	6,877,703	4,654,903	1,047,664	23,989,030	28,247,208	34,133,509
1966	225	5,895,971	3,931,486	878,512	20,439,590	23,380,035	28,721,175
1965	224	7,579,855	1,715,138	851,814	17,386,615	20,245,455	24,902,825
1964	225	6,365,257	1,129,004	843,655	16,523,292	17,850,771	22,508,141
1963	222	5,252,418	1,389,565	870,252	16,237,943	15,788,334	20,445,704
1962	204	3,317,232	3,299,130	897,312	15,718,630	13,992,963	17,677,463
1961	201	3,172,258	4,988,382	765,891	13,316,811	12,713,094	15,698,137
1960	190	6,002,751	2,163,766	466,735	9,094,320	11,800,198	14,263,281
1959	171	5,269,275	1,491,337	400,236	7,397,291	10,451,899	12,633,712

Greater Winnipeg map shows Canadian Tire locations. A fourth store will open in 1969.

Below: St. Vital store.



10-YEAR COMPARATIVE SUMMARY

Net Income Before Taxes	Income Taxes	Net Income After Taxes	Dividends	Earnings Re-invested in the Business	Shares Outstanding*	Net Income Per Share*†	Share- holders' Equity Per Share*†
\$12,630,326	\$6,648,382	\$5,981,944	\$898,762	\$5,083,182	3,431,815	\$1.80	\$13.69
9,952,745	5,077,201	4,875,544	761,450	4,114,094	3,318,009	1.47	10.30
7,584,334	3,891,474	3,692,860	584,460	3,108,400	3,283,910	1.14	8.85
5,869,449	3,035,481	2,833,968	496,782	2,337,186	3,225,860	.88	7.72
5,157,903	2,660,172	2,497,731	451,620	2,046,111	3,225,860	.77	6.98
4,599,718	2,364,948	2,234,770	442,488	1,792,282	3,225,860	.70	6.39
2,612,170	1,353,305	1,258,865	427,079	831,786	3,073,385	.41	5.78
2,686,096	1,367,810	1,318,286	415,461	902,825	2,982,010	.44	5.28
3,529,001	1,837,316	1,691,685	279,103	1,412,582	2,922,845	.59	4.99
3,358,377	1,735,907	1,622,470	132,286	1,490,184	2,756,850	.59	4.61

*Adjusted for 5 for 1 split of June 30, 1960
and for 5 for 1 split of July 12, 1966

†Based on the average number of shares outstanding during the year (as the figures for the years 1959 to 1967 have been reported
previously on the basis of the actual number of shares outstanding at the year-end, those figures have been restated).

New stores opened in Montreal in 1968 are Ville La Salle (9) below, Pont Viau (10), Ville St. Laurent (11) and Dollard des Ormeaux (12).



CANADIAN TIRE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Inventories

Merchandise inventories have been valued at the lower of cost or estimated net realizable value less normal profit margin.

2. Investment in Wholly-owned Subsidiary Company (Canadian Tire Acceptance Limited)

	1968	1967
Preference shares	\$1,200,000	\$ —
Common shares	101,031	9
6% subordinated demand notes	—	359,991
	<u>\$1,301,031</u>	<u>\$360,000</u>

During the year Canadian Tire Acceptance Limited, formerly 90% owned, became a wholly-owned subsidiary of the Company. The assets and liabilities and income and expenses of Canadian Tire Acceptance Limited have not been consolidated with those of Canadian Tire Corporation Limited since the operations of the subsidiary are not comparable to the operations of the parent company.

The company's equity in the net assets of the subsidiary was in excess of the company's investment therein by \$35,604 as at December 31, 1968. This amount represents the company's share of undistributed earnings of the subsidiary since acquisition which has not been taken into the accounts of the company. The company's share of earnings of the subsidiary for the year ended December 31, 1968 amounted to \$26,327 (1967—\$47,367).

3. Property and Equipment

It is the company's practice to provide for depreciation under the declining-balance method at various annual rates (buildings—5%, fixtures and equipment—20%, and automotive equipment—30%) and to provide for amortization of leasehold improvements on a straight-line basis over the terms of the respective leases.

4. Long-term Debt

Existing mortgages assumed on property acquisitions:

	1968	1967
7% mortgage—due in equal monthly instalments to July 1, 1978	\$ 64,991	\$ 69,566
8% mortgage—due in semi-annual instalments of \$500 each plus interest; the balance due July 30, 1971	28,000	—
6½% unsecured debentures—due June 1, 1969	<u>158,000</u>	<u>316,000</u>
	250,991	385,566
Less amounts due within one year	<u>163,896</u>	<u>162,575</u>
	<u>\$ 87,095</u>	<u>\$222,991</u>

5. Capital Stock

Changes in authorized capital:

By supplementary letters patent dated December 20, 1968 the authorized share capital of the company was changed as follows:

- (a) The number of common shares was increased by the creation of an additional 100 shares ranking in all respects on a parity with the 1,150,000 existing common shares.
- (b) The total aggregate consideration for which Class "A" shares may be issued was increased from \$6,118,273 to \$12,600,000 and for common shares from \$892,118 to \$1,400,000.

Conditions of Class "A" shares:

The conditions attached to the Class "A" shares prohibit the issue of Class "A" shares in excess of 1,725,000 shares, unless either

- (a) such shares are being issued to, or for the benefit of, employees of the company and/or authorized dealers and/or the employees of authorized dealers, pursuant to a scheme or plan in existence at such time or
- (b) the authorization of the holders of Class "A" shares shall first have been obtained.

Issue of Class "A" shares:

During 1968 the company issued 113,806 Class "A" non-voting shares for cash in the total amount of \$6,369,404. Of this total 13,806 shares were issued to, or for the benefit of the employees and officers of the company. The remaining 100,000 shares were issued by private placement pursuant to approval by special resolution of the holders of Class "A" shares on December 19, 1968.

6. Remuneration (Directors and Senior Officers)

The aggregate direct remuneration paid or payable by the company to the directors and senior officers of the company as a group during the fiscal year ended December 31, 1968 was \$209,004 (1967—\$142,141). In addition with respect to the fiscal year ended December 31, 1968, pursuant to a share purchase arrangement authorized by resolution of the directors, the company paid to certain senior officers engaged directly in the management of the company, amounts calculated by reference to the earnings of the company for such fiscal year, which after provision for personal income tax provided sums sufficient in the aggregate to pay the subscription price (\$229,073) of 3,419 Class "A" non-voting shares of the company required by this arrangement to be subscribed for by such senior officers at the market value thereof as at February 28, 1969, namely \$67 per share. It is presently proposed that this share purchase arrangement will be continued in the future and may be extended to certain other senior officers of the company from time to time, engaged or to be engaged directly in the management of the company. Also with respect to the fiscal year ended December 31, 1968, the company paid to the Trustees of the Canadian Tire Deferred Profit Sharing Plan for the benefit of senior officers, amounts determined on the same basis as for other employees of the company.

7. Guarantee

The company has guaranteed unconditionally the payment of promissory notes issued or to be issued by Canadian Tire Acceptance Limited. As at December 31, 1968, the total amount of such notes outstanding and subject to guarantee was \$1,800,000. The company has arranged bank standby credit to cover any obligation which may arise under its guarantee of authorized notes outstanding from time to time.

8. Leases

Under lease obligations for store locations, the company is committed to minimum annual rentals (exclusive of taxes, insurance and other occupancy charges) as follows:

Termination Dates	Minimum Annual Rentals
1971	\$12,000
1977	82,500
1980	47,765
1988	18,800 to 1973, and 28,800 thereafter

9. Comparative Figures

Certain 1967 comparative figures in the accompanying financial statements have been reclassified to conform to the 1968 presentation.



4 MODERN NEW STORES TAKE ROOT IN MONTREAL

Total number of stores increases by eight during 1968

CANADIAN TIRE's 1968 blueprint for expansion in the Montreal market attained reality with the completion of four medium-to-large stores. Our contribution to the Montreal shopping scene increased the total of Canadian Tire outlets from eight to 12 in the metropolitan area. And the rate at which the stores took hold with suburban shoppers augurs well for the future.

Within a two-year span (December, 1966 to December, 1968) total sales in the Montreal market increased by 96.8%. This doubling of business is attributable both to our additional outlets and the broader spectrum of merchandise now offered the buying public. Although automotive lines are still the dominant factor in Canadian Tire over-the-counter sales, customers can purchase needs ranging from lawn mowers to golf balls . . . bicycles to toasters . . . house paint to fishing gear. Each Montreal store offers approximately 25,000 items to value-conscious consumers — plus automotive service sections specializing in mufflers, brakes, shock absorbers, wheel alignment and balancing, and engine analysis.

The new quartet of stores fills what could be described as a pre-1968 "vacuum" between Canadian Tire locations in the central city and suburban stores on the western outskirts and in Laval (see map on page 9). Stores in Pont Viau, Ville St. Laurent and Dollard des Ormeaux opened their doors almost simultaneously in June of 1968. The fourth new store, in Ville La Salle, opened in February.

These high-ceilinged, self-serve facilities all feature our newly-designed interior fixtures, department designations and colors — automotive *red* (see back cover), sporting *green* and household *yellow* — creating a relaxing atmosphere, as well as guiding the customer quickly to his shopping destination. Even the smallest of the new stores is more than 25,000 square feet in size. Adjacent parking facilities will accommodate between 125 and 300 cars, and also provide scope for future expansion. Canadian Tire plans to double business again in the Montreal area during the next five-year period. A building has been purchased in Rosemount for another store opening this year. Construction of a store in Montreal North will commence late in 1969 and a property has been purchased on Sherbrooke Street, in Montreal East, for development in 1970.

The largest of all Canadian Tire stores (53,000 sq. ft.) is now nearing completion in the Ste. Foy district of Quebec City. The size exceeds our largest existing location — in Sudbury, Ontario — by an impressive 7,000 square feet. The first in our 1968-concept of Associate Stores in Metropolitan Toronto — at Kennedy Road and Lawrence Ave. E. — will open this April. Over 36,500 square feet in size, the store will have a 192-car parking area. Also planned for 1969 completion in the Toronto area are stores on Southdown Road, Mississauga, and Rexdale Boulevard at Kipling Ave., Etobicoke.

(Over)

Interior and exterior views of new Dollard des Ormeaux location, near Montreal International Airport, show "1968 concepts" of store design





Top Left: Ten service bays dominate photo of Pont Viau store in suburban Montreal.
Below: Self-serve Paint section in Ville La Salle store (see cover).



Top Right: Wall-to-wall merchandise covers many of Montrealers' needs.
Below: St. Laurent store, one of four opened in Montreal in 1968.

Expansion Elsewhere, East and West . . .

OUR "MONTREAL EXPERIENCE" was almost duplicated in the West with month-of-May openings of two new Winnipeg stores in the 23,500 square foot range — raising the number of our outlets in that city to three (see map on page 8). Twenty-five service bays are shared by the three Greater Winnipeg locations — bringing unfamiliarly-low prices on automotive parts and services to western motorists. A fourth Winnipeg store will be opened on Portage Avenue West (Assiniboia) in the current year, and it will bear the distinction of being at the western extreme of our vast distribution territory.

Other new stores completed in 1968 (four in Ontario, one in Quebec) and listed in order of opening are: Galt (22,000 sq. ft.), Alexandria (5,000 sq. ft.), Woodbridge (7,200 sq. ft.), Hull (24,000 sq. ft.) and Windsor (20,000 sq. ft.). A \$160,000 addition to the Barrie store was also finished during the year.

The Canadian Tire pricing philosophy is one of *delivering best possible values to the customer, while including in each asking price a reasonable Company profit*. When examined in depth, it becomes apparent how our merchandising practices have been the major key — and perhaps secret of — the Company's uninterrupted expansion and progress. Because of the volume of merchandise required to stock all 234 Associate Stores, Canadian Tire is able to negotiate minimum buying prices. And since most merchandise is purchased directly from the manufacturer or importer, only one comparatively modest mark-up is needed in getting the product to the sales floor. These two factors contribute to the envious price advantage Canadian Tire enjoys when challenging new markets.

Our merchandising philosophy has remained constant over the years . . . only our blueprints change as bigger, better, brighter facilities are built to serve Canadian shoppers.

CANADIAN TIRE ACCEPTANCE LIMITED

(Incorporated under The Corporations Act, Ontario)

BALANCE SHEET

as at December 31, 1968
(with 1967 figures for comparison)



ASSETS		1968	1967
CURRENT ASSETS:			
Cash		\$ 100	\$ 85
Accounts receivable		10,175	8,132
Contracts receivable (less allowance for credit losses, 1968—\$142,132; 1967—\$79,207)		3,697,411	2,499,671
Prepaid expenses		6,880	6,665
Total current assets		3,714,566	2,514,553
OFFICE FURNITURE AND EQUIPMENT—at cost		55,336	31,562
Less accumulated depreciation		18,991	9,951
Net office furniture and equipment		36,345	21,611
OTHER ASSETS—at cost:			
Goodwill		48,855	48,855
Organization expense		1,429	519
Total other assets		50,284	49,374
TOTAL		\$3,801,195	\$2,585,538

LIABILITIES AND SHAREHOLDERS' EQUITY

	1968	1967
CURRENT LIABILITIES:		
Bank loan—secured by receivables	\$ 12,900	\$ 199,000
Accounts payable	560,865	364,846
Income taxes payable	21,351	10,916
6½% demand notes (Note 1)	1,800,000	—
Due to parent company:		
Current account	69,444	50,468
Demand notes	—	1,550,000
Total current liabilities	2,464,560	2,175,230
6% SUBORDINATED DEMAND NOTES:		
Parent company	—	359,991
Shareholder	—	39,999
Total subordinated demand notes	—	399,990

SHAREHOLDERS' EQUITY:

Capital stock (Note 2):

Authorized:

200,000 5% non-cumulative, redeemable (at amount paid thereon), preference shares of a par value of \$10 each
200,000 common shares of no par value

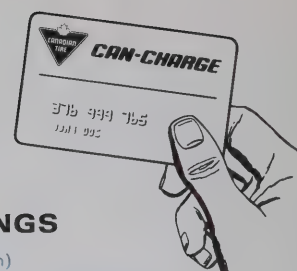
Issued and fully paid:

120,000 preference shares	1,200,000	—
100,000 common shares (1967—10 shares)	100,000	10
	1,300,000	10
Retained earnings	36,635	10,308
Total shareholders' equity	1,336,635	10,318
TOTAL	\$3,801,195	\$2,585,538

Approved by the Board: B. R. Wilson, *Director*; J. D. Muncaster, *Director*

The accompanying notes, on page 15, are an integral part of these financial statements.

CANADIAN TIRE ACCEPTANCE LIMITED



STATEMENT OF INCOME AND RETAINED EARNINGS

For the Year ended December 31, 1968 (with 1967 figures for comparison)

	1968	1967
GROSS OPERATING REVENUE (Note 3)	\$1,060,909	\$ 594,865
OPERATING EXPENSES:		
Provision for credit losses	149,592	81,975
Other (Note 4)	686,568	360,216
Total operating expenses	836,160	442,191
OPERATING INCOME BEFORE INTEREST AND INCOME TAXES	224,749	152,674
INTEREST ON BORROWED FUNDS:		
Parent company	145,499	74,109
Other	22,742	14,768
Total interest on borrowed funds	168,241	88,877
INCOME BEFORE INCOME TAXES	56,508	63,797
PROVISION FOR INCOME TAXES	30,181	33,175
INCOME BEFORE EXTRAORDINARY ITEM	26,327	30,622
REDUCTION OF INCOME TAXES ON APPLICATION OF PRIOR YEAR'S LOSS	—	22,009
NET INCOME FOR THE YEAR	26,327	52,631
RETAINED EARNINGS (DEFICIT) AT BEGINNING OF THE YEAR	10,308	(42,323)
RETAINED EARNINGS AT END OF THE YEAR	\$ 36,635	\$ 10,308

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the Year ended December 31, 1968 (with 1967 figures for comparison)

	1968	1967
FUNDS PROVIDED:		
Net income for the year	\$ 26,327	\$ 52,631
Depreciation	9,040	5,357
Total funds provided from operations	35,367	57,988
Issue of capital stock (Note 2):		
Preference shares	1,200,000	—
Common shares	99,990	—
Total funds provided	1,335,357	57,988
FUNDS APPLIED:		
Repayment of subordinated demand notes	399,990	—
Additions to office furniture and equipment	23,774	8,410
Organization expense	910	—
Total funds applied	424,674	8,410
INCREASE IN WORKING CAPITAL FOR THE YEAR	910,683	49,578
WORKING CAPITAL AT BEGINNING OF THE YEAR	339,323	289,745
WORKING CAPITAL AT END OF THE YEAR	\$1,250,006	\$ 339,323

The accompanying notes, on page 15, are an integral part of these financial statements.

CANADIAN TIRE ACCEPTANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Demand Notes

The demand notes of the company are unconditionally guaranteed by its parent company, Canadian Tire Corporation Limited. The parent company has available bank standby credit to cover any obligation which may arise under its guarantee of authorized notes outstanding from time to time.

2. Capital Stock

By supplementary letters patent dated May 15, 1968, the authorized share capital of the company was changed as follows:

- (a) The 3,600 5% non-cumulative, non-voting, redeemable, preference shares with a par value of \$10 each were redesignated as 3,600 5% non-cumulative, redeemable, preference shares of a par value of \$10 each.
- (b) The authorized capital of the company was increased by the creation of an additional 196,400 preference shares ranking on a parity with the 3,600 redesignated preference shares.
- (c) The authorized capital of the company was increased by the creation of an additional 196,000 common shares of no par value, ranking on a parity with the existing 4,000 common shares.

On October 16, 1968, the company issued to its parent company, Canadian Tire Corporation Limited, 120,000 preference shares at \$10 per share and 99,990 common shares at \$1 per share, consideration being cancellation of demand notes owing to the parent company in the amount of \$1,299,990.

3. Revenue

Discounts on contracts purchased from dealers are taken into revenue at the time the contracts are purchased. Customer accounts are maintained on a cycle-billing basis and service charges are accrued each month on balances outstanding at the close of each cycle.

4. Remuneration (Directors and Senior Officers)

The total remuneration of directors and senior officers as defined in the Corporations Act, Ontario, was \$56,249 in 1968 (1967—\$45,861).

5. Comparative Figures

Certain 1967 comparative figures in the accompanying financial statements have been reclassified to conform to the 1968 presentation.

AUDITORS' REPORT

To the Shareholders of Canadian Tire Acceptance Limited:

We have examined the balance sheet of Canadian Tire Acceptance Limited as at December 31, 1968 and the statements of income and retained earnings, and of source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1968 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario,
February 20, 1969

Deloitte, Plender, Haskins & Sells,
Chartered Accountants

CANADIAN TIRE CORPORATION LIMITED

(Incorporated under the Laws of the Province of Ontario)



BOARD OF DIRECTORS

A. E. Barron

D. G. Billes

R. Law

A. D. Billes

R. J. Hobbs

J. D. Muncaster

D. J. Wilkins

A. W. Billes

C. F. Jones

A. L. Sherring

OFFICERS

A. E. Barron
Chairman of the Board

R. J. Hobbs
Vice President

R. Law
Secretary

W. R. Dawson
*Vice President
Marketing*

J. D. Muncaster
President

F. Y. Sasaki
Treasurer

J. W. Kron
*Vice President
Distribution*

REGISTRARS AND TRANSFER AGENTS

National Trust Company Limited
Toronto, Montreal and Calgary

SOLICITORS

Blackwell, Hilton, Treadgold & Spratt
Toronto

BANKERS

Canadian Imperial Bank of Commerce
Chicago City Bank and Trust Company

AUDITORS

Deloitte, Plender, Haskins & Sells,
Chartered Accountants, Toronto

Head Office: 837 Yonge Street, Toronto

Class "A" and Common shares listed on the Toronto and Montreal Stock Exchanges

CANADIAN TIRE ACCEPTANCE LIMITED

BOARD OF DIRECTORS

A. E. Barron

J. D. Muncaster

R. J. Hobbs

B. R. Wilson

R. Law

OFFICERS

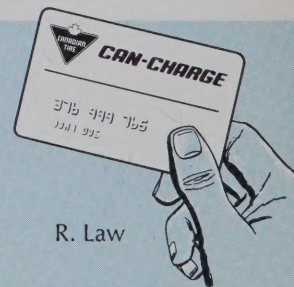
B. R. Wilson
President

R. Law
Secretary

J. D. Muncaster
Vice President

F. Y. Sasaki
Treasurer

R. J. Hobbs
Vice President





CANADIAN TIRE ASSOCIATE STORES

ONTARIO

ACTON	130 Mill St. E.
AJAX	43 Station Plaza
ALDERSHOT	70 Plains Rd. W.
ALEXANDRIA	431 Main St. S.
ALLISTON	45 Victoria St. W.
ARNPRIOR	8 Elgin St.
AURORA	Yonge St. S.
AYLMER	29 John St. N.
BANCROFT	12 Flint Ave.
BARRIE	110 Dunlop St. W.
BELLEVILLE	348 Coleman St.
BLENHEIM	186 Talbot St. W.
BOLTON	55 Queen St. N.
BOWMANVILLE	160 Church St.
BRACEBRIDGE	233 Manitoba St.
BRADFORD	9 Holland St. E.
BRAMPTON	252 Queen St. E.
BRANTFORD	274 Colborne St.
BROCKVILLE	260 King St. W.
BURLINGTON	2440 New St.
CAMPBELLFORD	65 Bridge St. E.
CARLETON PLACE	77 Bridge St.
CHATHAM	384 Richmond St.
COBOURG	144 King St. W.
COCHRANE	137 Sixth Ave.
COLLINGWOOD	5 Hurontario St.
COOKSVILLE	3110 Dixie Rd.
CORNWALL	538 Pitt St.
DELHI	249 James St.
DRYDEN	54 Queen St.
DUNDAS	50 Coates Dr.
DUNNVILLE	204 Queen St.
ELLIOT LAKE	14 Hillside Dr. S.
ESPANOLA	Station Road at 2nd
ESSEX	10 Talbot St. S.
EXETER	444 Main St.
FENELON FALLS	Colborne & Oak St.
FERGUS	380 St. Andrew St. W.
FOREST	Main St. S.
FORT ERIE	65-71 Jarvis St.
FORT FRANCES	116 - 1st St. E.
FORT WILLIAM	235 Simpson St.
GALT	50-54 Water St. S.
	499 Hespeler Rd.
GANANOQUE	180 King St. E.
GEORGETOWN	26 Guelph St.
GODERICH	32-36 North St.
GRAVENHURST	135 Muskoka St. N.
GRIMSBY	37 Main St. E.
GUELPH	23 Wellington St. E.
HAGERSVILLE	11½ Main St.
HAMILTON	304 Main St. E.
	68 Ottawa St. N.
	891 Upper James St. (Mt. Hamilton)
HANOVER	365-10th St.
HAWKESBURY	219 Main St.
HUNTSVILLE	Cann & John St.
INGERSOLL	25 King St. W.
KAPUSKASING	11-13 Henderson Ave.
KEMPTVILLE	113-115 Prescott St.
KENORA	230 First St. S.
KINCARDINE	740 Queen St.
KINGSTON	55 Rideau St.
	970 Princess St. (Kingston West)
KIRKLAND LAKE	28 Government Rd. W.
KITCHENER	925 King St. E.
LEAMINGTON	84 Talbot St. E.
LINDSAY	7 Russell St. W.
LISTOWEL	208 Main St. W.
LONDON	103 Wharncliffe Rd. S.
	1657 Dundas St. E.
	Wellington Rd. S. (London South)
MADOC	39 St. Lawrence St. E.
MARKHAM	59 Wellington St. W.
MEAFORD	Syke St. E.
MIDLAND	Bay St. E.
MILTON	459 Main St. E.
MOUNT FOREST	Main & Queen St.
NAPANEE	18 Dundas St. W.
NEW LISKEARD	Whitewood & Armstrong St.
NEWMARKET	25 Davis Dr. W.
NIAGARA FALLS	705 Victoria Ave.
NIPIGON	Front St.
NORTH BAY	630 Cassells St.

NORWICH	11 Main St.
OAKVILLE	550 Kerr St. N.
ORANGEVILLE	22 Mill St.
ORILLIA	22 West St. S.
OSHAWA	115 Simcoe St. S.
OTTAWA	178 Kent St. (at Laurier)
	1460 Merivale Rd. (Cityview)
	248 McArthur Rd. (Eastview)
	119 Richmond Rd.
	1170 Heron Rd.
OWEN SOUND	1082 Second Ave. E.
PARIS	32-34 Dundas St.
PARRY SOUND	5 Seguin St.
PEMBROKE	180 Alexander St.
PERTH	11 Wilson St. W.
PETERBOROUGH	230 George St.
PICTON	67 King St.
PORT ARTHUR	106 North Cumberland St.
PORT COLBORNE	281 King St.
PORT HOPE	64 John St.
PORT PERRY	183 Queen St.
PRESCOTT	King & Edward St.
RENFREW	364-374 Raglan St. S.
RICHMOND HILL	70 Yonge St. N.
ST. CATHARINES	25-33 Riondon St.
	366 Scott St. St. Catharines North
ST. MARYS	35 Water St. S.
ST. THOMAS	795 Talbot St.
SARNIA	415 Exmouth St.
SAULT STE. MARIE	340-344 Queen St. E.
SEAFORTH	23 Main St.
SIMCOE	28 Sydenham St.
SMITHS FALLS	38-40 Main St.
STONE CREEK	931 Queenston Rd.
STRATFORD	45 Erie St.
STRATHROY	9 Front St. W.
STREETSVILLE	10 Matlock Ave.
STURGEON FALLS	141 Front St.
SUDBURY	141 Elm St. E.
SUTTON	Don Mills Highway
TILBURY	20 Queen St. S.
TILLSONBURG	80 Harvey St.
TIMMINS	29 Park Rd.
TORONTO	(Main Store), 839 Yonge St.
	(Service Centre), 940 Yonge St.
	2451 Dufferin St.
	5307 Dundas St. W. (Islington)
	417 Keele St.
	2701 Keele St. (Downsview)
	2850 Kingston Rd. (Scarboro)
	Kennedy Rd. & Lawrence Ave.
	975 The Queensway
	3665 Lawrence Ave. E. (Scarboro)
	1973 Weston Rd. (Weston)
	1776 O'Connor Dr. (East York)
	309 Lake Shore Drive E. (Port Credit)
	5460 Yonge St. (Willowdale)
	1009 Sheppard Ave. E. (Willowdale)
	4118 Sheppard Ave. E. (Agincourt)
TRENTON	164 Front St.
UXBRIDGE	24-26 Brock St. W.
WALKERTON	6 Durham St.
WALLACEBURG	1416 Dufferin Ave.
WATERLOO	270 Weber St. N.
WELLAND	545 Niagara St.
WESTPORT	2 Church St.
WHITBY	311 Brock St. N.
WILLIAMSBURG	Church St.
WINDSOR	175 Dougall Ave.
	Dougall & Cabana
WINDSOR EAST	3751 Tecumseh Rd. E.
WINGHAM	355 Josephine St.
WOODBIDGE	5 MacKenzie St. W.
WOODSTOCK	551-555 Dundas St.

QUEBEC

BELOEIL	110 boul. Laurier
BUCKINGHAM	381 Main St.
CHATEAUGUAY CENTRE	77, d'Anjou Blvd.
DRUMMONDVILLE	275, rue Cockburn
GATINEAU	295 Maloney Blvd.
GRANBY	332, rue Principale
HULL	9, boul. Montclair
JOLIETTE	1204 Manseau Blvd.
KÉNOGAMI	20, rue Price

LACHUTE	494 Main St.
LAC MEGANTIC	5361, rue Frontenac
LÉVIS	6 Route Trans-Canada, Rond Point
MAGOG	333 Main St. W.
MALARTIC	1041, rue Royale
MANIWAKI	Main St.
MONTREAL	1465 Jean Talon E.
	87 Grand Blvd. (Ile Perrot)
	1205 Labelle Blvd. (Chomedey)
	3339 Sources Rd. (Dollard des Ormeaux)
	820 Taschereau Blvd. (Greenfield Park)
	1000, boul. des Laurentides (Pont Viau)
	7655 Viau St. (St. Leonard)
	3180 Wellington St. (Verdun)
	1755, rue Grenet (Ville St. Laurent)
	8778, boul. Newman (Ville La Salle)
QUEBEC	4 boul. Hamel
	1850 d'Estimaubert
	1130 de l'Eglise (Ste. Foy)
ROUYN	150 Perrault St. E.
ST. EUSTACHE	413 Arthur Sauvé Blvd.
ST. GEORGES (BEAUCE)	212, 2ième ave.
ST. HYACINTHE	2940 Dessaulles St.
ST. JEAN	281 Richelieu St.
SHAWINIGAN	777, 4ième rue
SHAWVILLE	328 Main St.
SHERBROOKE	430 Minto St.
SOREL	80 Augusta St.
THETFORD MINES	170, 1ère rue, Centre d'Achats
THREE RIVERS	926, rue Notre Dame
VAL D'OR	1220, 7ième rue
VALLEYFIELD	305 Larocque Rd.

NEW BRUNSWICK

BATHURST	237 Main St.
CAMPBELLTON	101 Water St.
CHATHAM	147 Duke St.
EDMUNDSTON	40 Court St.
FREDERICTON	281 Queen St.
GRAND FALLS	No. 2 Highway
MONCTON	576 Main St.
SAINT JOHN	42-44 Waterloo St.
SUSSEX	620 Main St.
WOODSTOCK	Queen St.

NEWFOUNDLAND

CORNER BROOK	71 Humber Rd.
GRAND FALLS	Cromer Ave.
HARBOUR GRACE	1 Harvey St.
ST. JOHN'S	91 Elizabeth Ave.
	30 Kenmount Rd.

NOVA SCOTIA

AMHERST	11 Princess St.
ANTIGONISH	38 James St.
BEDFORD	Sunnyside Plaza
BRIDGEWATER	402 King St.
DARTMOUTH	95 Alderney Dr.
DIGBY	104 Montague Row
GLACE BAY	29 Commercial St.
HALIFAX	6112 Quinpool Rd.
	264 Herring Cove Rd. (Spryfield)
KENTVILLE	448 Main St.
LIVERPOOL	Main & Legion St.
NEW GLASGOW	60 Archimedes St.
NORTH SYDNEY	161 Queen St.
PORT HAWKESBURY	No. 4 Highway
SYDNEY	424 Charlotte St.
TRURO	45 Willow St.
WINDSOR	100 Water St.
YARMOUTH	1st & Collins St.

PRINCE EDWARD ISLAND

CHARLOTTETOWN	Royalty Mall
SUMMERSIDE	7 Central St.

MANITOBA

WINNIPEG	1330 Pembina Highway
	1199 Nairn Ave.
	8 Alpine Ave. (St. Vital)

OFFICE

STORAGE

LOBBY

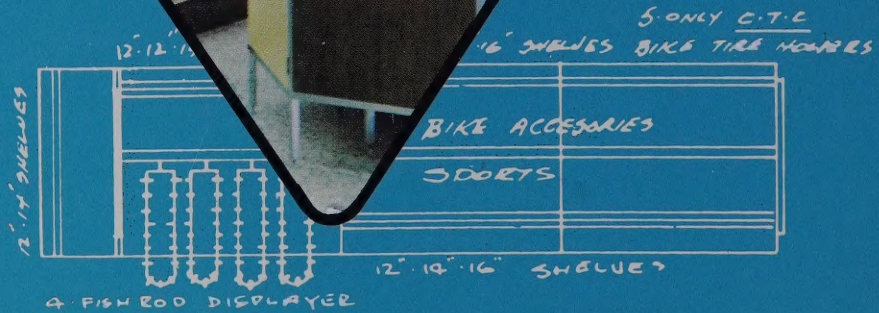


AUTOMOBILE

PNEUS

ONLY 3-ONLY
6" x 9" FEATURE
BASKETS + 9 DIVIDERS

Floor
Display



CA. 1424 UTENSIL HOLDER
CA. 1425 SINGLE NOTCH HOLDER
CA. 1426 DOUBLE NOTCH HOLDER
FLAT BAR ON 12" BRACKETS

C.T.C. UPPER
FLOWER CASE

12-14-16-18" SHELVES

C.T.C.
& LOWER

GARDEN TOOLS

MARINE

SPORTS & FISHING

SMALL